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TO: [REDACTED]

TEXT

SUBJECT: BEYOND OPERATION BLAST FURNACE: BOLIVIA'S STRUGGLE AGAINST
NARCOTICS [REDACTED] (GI 88-10014)

THE FOLLOWING KEY JUDGMENTS ARE FROM A RECENTLY PUBLISHED
INTELLIGENCE ASSESSMENT AND ARE FOR US GOVERNMENT OFFICIALS ONLY.

BEYOND OPERATION BLAST FURNACE: BOLIVIA'S STRUGGLE AGAINST
NARCOTICS [REDACTED]

KEY JUDGMENTS

INFORMATION AVAILABLE AS OF 31 DECEMBER 1987 WAS USED IN THIS
REPORT.

ONCE PRIMARILY A SOURCE OF INTERMEDIATE COCA PRODUCTS FOR
COLOMBIAN TRAFFICKING ORGANIZATIONS, BOLIVIA HAS EMERGED AS A MAJOR
SUPPLIER OF COCAINE TO THE INTERNATIONAL MARKET. THE EXPANDING
COCAINE TRADE HAS SPAWNED A NEW GENERATION OF POWERFUL TRAFFICKING

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ORGANIZATIONS THAT ARE THREATENING BOLIVIA'S FRAGILE ECONOMIC AND POLITICAL STABILITY AND FUELING NARCOTICS ACTIVITY IN OTHER SOUTH AMERICAN COUNTRIES. USING THE ENORMOUS PROFITS COCAINE SALES GENERATE, THE TRAFFICKERS HAVE ACQUIRED POLITICAL INFLUENCE AT ALMOST ALL LEVELS OF THE BOLIVIAN GOVERNMENT, INCLUDING HIGH-LEVEL MEMBERS OF THE PAZ ESTENSSORO ADMINISTRATION. []

UNDER PRODDING FROM THE UNITED STATES, PRESIDENT PAZ ESTENSSORO'S GOVERNMENT HAS DRAFTED A DETAILED THREE-YEAR PLAN TO EXPAND INTERDICTION AND COCA ERADICATION EFFORTS AND SIGNED A BILATERAL NARCOTICS AGREEMENT WITH THE UNITED STATES GUARANTEEING FINANCING, TRAINING, AND EQUIPMENT. THE STRATEGY DEPENDS ON SUSTAINED INTERDICTION TO CURTAIL COCA PROCESSING, THEREBY REDUCING BOTH THE DEMAND FOR COCA LEAF AND THE PRICE PEASANTS CAN OBTAIN FOR THEIR PRODUCT. WITH OTHER CASH CROPS COMPETITIVE WITH COCA, THE STAGE WOULD BE SET FOR ERADICATION AND CROP SUBSTITUTION PROGRAMS. LA PAZ INTENDS TO IMPROVE THE PLAN'S LEGAL FOUNDATION WITH A NEW OMNIBUS DRUG LAW THAT CONSOLIDATES PREVIOUS NARCOTICS DECREES, INCREASES PUNISHMENT FOR DRUG CRIMES, AND DELINEATES LEGAL COCA GROWING AREAS. []

BOLIVIA'S COUNTERNARCOTICS PROGRAM IS LIKELY TO MOVE SLOWLY IN THE NEAR TERM. KEY CABINET MINISTERS ARE ALREADY WAVERING IN THEIR SUPPORT, AND ADMINISTRATIVE [] CORRUPTION IN THE BUREAUCRACIES CHARGED WITH IMPLEMENTING THE PROGRAM REMAIN PROBLEMS. EVEN WITH EXTENSIVE US FINANCING AND ASSISTANCE, WE EXPECT CURRENT ENFORCEMENT OPERATIONS TO HAVE MUCH LESS EFFECT THAN THOSE INVOLVING US TROOPS AND EQUIPMENT. TRAFFICKERS ARE NOT LIKELY TO HALT ILLICIT ACTIVITIES AS READILY AS WHEN US FORCES WERE PRESENT, CHOOSING INSTEAD TO RELY ON DECEPTION OR FORCE TO PROTECT THEIR FACILITIES AND CONTINUE OPERATIONS, FACTORS THAT WILL ALLOW COCA PRICES TO REMAIN AT PROFITABLE LEVELS. AS LONG AS COCA FARMERS EARN HIGH PROFITS, THE CROP CONTROL EFFORT IS UNLIKELY TO KEEP UP WITH EXPANDING CULTIVATION. []

LA PAZ HAS LITTLE TIME LEFT TO IMPLEMENT MEASURES THAT MAY LEAD TO DISRUPTION OF THE COCAINE TRADE BEFORE THE NARCOTICS CONTROL MOMENTUM GENERATED UNDER PAZ ESTENSSORO IS DIMINISHED BY TRAFFICKER COUNTERMEASURES, PREELECTION POLITICS, OR A SUCCESSOR TO PAZ WHO MAY BE LESS WILLING TO WORK WITH THE UNITED STATES ON DRUG CONTROL. PAZ'S INFLUENCE COULD BEGIN TO ERODE AS THE 1989 ELECTION DRAWS CLOSER AND POLITICAL DEFECTIONS BY HIS SUPPORTERS BECOME MORE LIKELY. IN OUR JUDGMENT, PAZ'S MOST LIKELY SUCCESSORS, JAIME PAZ ZAMORA AND EX-PRESIDENT HUGO BANZER, WILL BE EVEN LESS COMMITTED TO DRUG CONTROL, AND THE ACTIONS OF BOTH ARE LIKELY TO BE LIMITED LARGELY TO COSMETIC GESTURES DESIGNED TO ENSURE CONTINUED US FINANCIAL AND POLITICAL SUPPORT. []

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